

FISCAL NOTE

HB 2658 - SB 2862

February 4, 2008

SUMMARY OF BILL: Creates a privilege tax of \$13.50 to be paid by owners of vessels not registered in Tennessee, but exercising the privilege of mooring at a Tennessee dock for five or more contiguous days for a fee. Requires such tax be levied by the Department of Revenue (DOR). Authorizes DOR to contract with county clerks for assistance and for administering the provisions of the bill. Requires the issuance of decals or emblems. Requires such revenue be allocated for stream reclamation, enhancement of water quality, and other such matters.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$42,500 / Earmarked for stream reclamation and enhancement of water quality

**Increase State Expenditures - \$75,000 / One-Time
\$110,000 / Recurring**

Increase Local Gov't. Revenue - \$14,900 (\$8,500 of this total would be earmarked for computer related expenditures)

Increase Local Gov't Expenditures* - Exceeds \$29,800 (\$8,500 of this total is expended for computer related expenditures)

Assumptions:

- The Tennessee Wildlife Resources Agency (TWRA) estimates approximately 3,500 boats each year that (1) moor at a Tennessee dock for five consecutive days and (2) pay a facility fee for the privilege.
- The Department of Revenue estimates the number of vessels for which such privilege tax could be levied to be approximately 5,000 per year.
- The number of vessels is estimated to be 4,250 $[(3,500 + 5,000) \div 2 = 4,250]$ per year.
- Total privilege tax revenue is estimated to be \$57,400 $(4,250 \text{ vessels} \times \$13.50 = \$57,375)$ per year.

- County clerks are to receive \$3.50 of the \$13.50 privilege tax for performance of duties as prescribed by the Department of Revenue, with \$2.00 of the \$3.50 being earmarked exclusively for computer related expenses. Total local government revenue is estimated to be \$14,900 (4,250 vessels x \$3.50 = \$14,875) per year, with \$8,500 of that (4,250 vessels x \$2.00 = \$8,500) being earmarked for computer related expenditures. 100% of these earmarked funds are assumed to be expended on computer related expenses each fiscal year as required.
- In addition to computer related expenses, other expenditures within county clerk offices will increase as a result of receiving and processing applications, issuing appropriate decals or emblems, for accounting and recordkeeping, and for providing the DOR copies of such registrations. The total cost for such is estimated to average at least \$5 per additional vessel processed. Therefore, this additional increase to local government expenditures is estimated to exceed \$21,300 (4,250 vessels x \$5 = \$21,250) per year.
- The net increase of state revenue is estimated to be \$42,500 (\$57,400 - \$14,900 local share = \$42,500) per year.
- Two additional Revenue Regulatory Officers estimated to be \$110,000 per year.
- According to the Department of Revenue, the department will incur one-time expenditures for promulgating rules and regulations, form development, computer modifications, costs associated with two additional positions, etc. Such one-time increase of state expenditures is estimated to be \$75,000.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc